
IRB

Industrial Revenue Bonds



APPLICATION

City of Albuquerque
Office of Economic Development

TABLE of CONTENTS

IRB Summary.....3

Notes for Applicant.....8

IRB Process.....14

Enabling Legislation.....16

IRB Project Criteria.....22

Application.....27

Fiscal Impact Analysis.....32

IRB SUMMARY

CITY OF ALBUQUERQUE

INDUSTRIAL REVENUE BONDS (IRBs)

Benefits of IRBs

Industrial revenue bonds (sometimes called industrial development bonds, IDBs or IRBs) have three principal benefits for companies: property tax exemptions, gross receipts or compensating tax exemptions and (in very limited number of cases) an exemption from federal income taxation on the interest paid to bondholders, resulting in lower interest rates for a borrower than other types of commercial borrowings. Property and gross receipts or compensating tax exemptions are almost always available to New Mexico projects with significant capital development. The third benefit depends on whether the specific IRBs being considered are deemed “tax exempt” under the federal income tax code.

What Are IRBs?

In economic effect, an IRB is a loan by a lender/bond purchaser to a company, where the loan proceeds and the loan repayments flow through a government issuer. The tax benefits of IRBs result from the form of the loan and the involvement of a government issuer. In its simplest form, an IRB structure involves a company (typically a corporation, a limited partnership or limited liability company) that wants to purchase and/or construct and/or equip a facility. Instead of purchasing, constructing or equipping directly, the company enters into an agreement (usually a lease) with a government issuer. The agreement provides that the company will lease the facility from the government issuer, construct and equip the facility and, at the end of the lease term, purchase the facility from the issuer at a nominal price. Importantly, the company constructs and equips the facility as the agent of the issuer. In order to obtain the funds to purchase, construct and equip the facility, the issuer issues bonds. Please note that the City does not finance bonds; nor does the City provide any credit enhancement. The proceeds of the bond sale are used to pay the expenses of the facility. The bonds are paid off solely with the payments made by the company to the issuer under the lease.

Issuers

IRBs can be issued by any New Mexico county or municipality or the New Mexico Finance Authority. Municipalities, such as the City of Albuquerque (the “City”), can issue IRBs for projects within their limits or within the unincorporated portion of a county within 15 miles of their limits. Most counties can issue IRBs for projects only within their unincorporated territory. Bernalillo County, however, can issue industrial revenue bonds for projects within Albuquerque City limits.

Projects

Only “projects” can be financed with IRBs. Projects include land, buildings, furniture, fixtures and equipment. Municipal projects (as opposed to county projects) do not include facilities used primarily for the sale of goods or commodities at retail and certain regulated utility projects. Projects do not need to include land; they can be for equipment only. Also, any land included in a project need not be owned in fee. The costs of projects that can be

financed are limited to capital costs and transaction costs. Working capital generally cannot be financed with IRBs, nor is there any benefit associated with doing so.

More specifically, New Mexico Municipal IRB legislation specifically identifies “projects” as land, buildings, equipment and improvements which are suitable for use by any of the following:

1. any industry for the manufacturing, processing or assembling of any agricultural or manufactured products;
2. any commercial enterprise in storing, warehousing, distributing or selling products of agriculture, mining or industry but does not include facilities designed for the sale of goods or commodities at retail or distribution to the public of electricity, gas, water or telephone or other services commonly classified as public utilities;
3. any business in which all or part of the activities of the business involve the supplying of services to the general public or to governmental agencies or to a specific industry or customer but does not include establishments primarily engaged in the sale of goods or commodities at retail;
4. any water distribution or irrigation system, including without limitation, pumps, distribution lines, transmission lines, towers, dams and similar facilities and equipment, designed to provide water to any vineyard or winery;
5. any electric generation facility other than one for which both location approval and a certificate of convenience and necessity are required prior to commencing construction or operation of the facility, pursuant to the Public Utility Act [62-13-1 NMSA] and Electric Utility Industry Restructuring Act of 1999 [62-3A-1 NMSA 1978]; and
6. any 501(c)(3) corporation.

Taxable IRBs

Through the use of IRBs certain state tax incentives are available, and it is not necessary for the issuer to structure IRBs as tax exempt under the bonds are only federal income tax laws. (Tax exempt bonds are available for manufacturing projects of a limited size.) Indeed, many of the recent transactions authorized by various cities in the state as industrial revenue bonds have been “taxable” bonds. The primary purpose of issuing taxable bonds is to provide to the company using the facility a property tax exemption for the facility being financed and a gross receipts or compensating tax exemption for the equipment and other personal property purchased for the facility.

Property Tax Exemption

While real and personal property included in a project financed with municipal IRBs is exempt from property tax for as long as the bonds are outstanding, up to a maximum of 30 years by State statute, the period for bonds issued by the City is limited to 20 years by City policy. The property tax exemption results from the fact that title to the project property is held by the City. Property of a county or municipality is exempted from taxation under the New Mexico constitution. The lessee’s interest in an industrial revenue bond lease is exempt from property tax pursuant to 7-36-3 NMSA 1978 as amended. Issuers may require

“payments in lieu of taxes” or may shorten the bond term, thereby decreasing the benefit of the property tax exemption.

Gross Receipts or Compensating Tax Exemption

Personal property, including furniture, fixtures, equipment and certain other disposable assets purchased with IRB proceeds for a project are exempt from gross receipts taxes if purchased in the state, and compensating taxes, if purchased out of state, with the proceeds of IRBs. The exemption results from title to the property being held by the City and the company acting as agent for the City in the development of the project. A special nontaxable transaction certificate (“NTTC”) is required for the gross receipts tax exemption. Building materials (bricks and mortar) incorporated in a project and becoming a part of the real property are not exempt from gross receipts and compensating taxes. An additional investment tax credit may be available for manufacturing equipment, depending on the number of new employees related to the project. If an IRB structure is not used, that tax credit merely offsets the compensating tax or a portion of the gross receipts tax imposed on the equipment; if an IRB structure is used, the gross receipts or compensating tax can be avoided and the credit can be applied to other taxes, such as payroll withholding taxes. Other special tax credits offered by the State may be limited by the use of IRBs.

Tax Exempt IRBs

The interest on all New Mexico IRBs is exempt from New Mexico income tax. In order for interest on IRBs to be excludable from gross income for federal tax purposes (i.e., “tax exempt”), numerous other conditions apply. Most commonly, the project must be a manufacturing facility. Also, no “substantial user” of a manufacturing project (including the company) may make more than \$10 million in capital expenditures (whether or not from proceeds of the IRB) within the boundaries of an issuer in the six year period beginning three years before the date the bonds are issued and ending three years after the issuance of the bonds. State of New Mexico “cap allocation” for such projects must be obtained from the State Board of Finance. Certain other “exempt facilities” enumerated in the tax code also may qualify; however, the issuance of bonds for these purposes in New Mexico is extremely limited. In general, tax exempt IRBs will carry a lower interest rate than similar taxable IRBs, often about 30% lower. However, because of tax provisions that do not allow banks to deduct their “costs of carry” with respect to IRBs, there is generally no interest rate differential between similar “taxable” and “tax exempt” IRBs sold to banks. Interested banks should be consulted for any possible variance from this result. Tax exemption is lost if the IRBs are held by an affiliate of the company.

Credit Considerations

An IRB does not put the issuer’s credit on the line, only the company’s. This is because the issuer is only a conduit, agreeing to pay the bondholders only what it receives from the company. Therefore, if a lender would not be willing to make a loan to a company, the lender generally will not purchase IRBs issued for that company. IRBs can be backed by “credit enhancement” such as a guaranty, a letter of credit or an insurance policy. But, if a “credit enhancer” is not willing to make a loan to a company, that credit enhancer will not be willing to issue a letter of credit, guaranty or insurance policy backing that company’s IRBs. If a lender is willing to make a commercial loan to a company for capital development

purposes, that loan can generally be structured as an IRB. Many “taxable” IRBs are structured to be purchased by an affiliate of the company (often called “self purchases”).

Timing

From start to finish, the issuance of IRBs by a municipality generally takes at least ten weeks. For issuers that have procedures for substantial staff or administrative review of IRB proposals, the process can be somewhat longer. These minimum times also apply to “self purchases.” If a third-party lender or a credit enhancer is involved, or if the IRB is to be tax exempt for federal income tax purposes, several more weeks should be added. For an overview of the primary steps involved in the IRB process, see APPENDIX A “Typical Basic Steps in a City of Albuquerque Taxable IRB.”

Public Process

The issuance of IRBs is a public policy process. Generally, there are three public hearings on the proposed bonds. City of Albuquerque IRBs must be approved by both the City Council and the Mayor, unless the Mayor is overridden by a two-third majority of City Council. The officials involved will weigh the costs and benefits of the IRBs. The primary cost to local government is foregoing property and gross receipts tax revenues, though in some cases it can be argued that the project would not be undertaken without the IRBs, so there is little tax loss. The primary benefit is usually job creation, or retention. However, it is often difficult to get IRBs issued for an existing facility without a showing of job creation, unless a good faith argument can be made that the facility would close without the IRBs. IRBs are unlikely to be issued for facilities that compete with existing businesses. Officials are sensitive to environmental issues surrounding the project and to the concerns of neighbors. They are also interested in the creditworthiness of the company because, even though an issuer’s credit is not on the line, a default could have a general negative impact in the community.

Clawbacks and Springing PILOTS

Increasingly, local governments are adding provisions to IRB documents to protect against early closure of facilities or the failure to achieve predicted job growth goals. These provisions can take the form of “clawbacks”, i.e., provisions that require a repayment of the taxes avoided by the use of IRBs in the event of early closure of a facility, or so called “springing” payments in lieu of taxes (“PILOTS”) which require that payments be made in future years if job creation estimates (or other promises) are not met or maintained by the company. In a recent example, Philips Semiconductors agreed to pay back to the City of Albuquerque over \$13,000,000 of taxes avoided upon the closing of its plant within three years of the issuance of the IRBs by the City.

Company Health Coverage Requirements

Companies interested in financing a project with IRBs issued by certain larger municipalities and counties may also be required to meet certain health coverage requirements. In particular, IRBs may not be issued by a city having a population of more than forty thousand (such as the City of Albuquerque) or by a “Class A” county (such as Bernalillo County) to finance a project that is valued at \$8,000,000 or more unless an employer of the project (i) offers its employees and their dependants health insurance coverage that is in compliance with the New Mexico Insurance Code or a comparable health benefits plan pursuant to the

federal Employee Retirement Income Security Act of 1974; and (ii) contributes not less than fifty percent of the premium for health insurance coverage for those employees who choose to enroll; provided that the fifty percent employer contribution shall not be a requirement for the dependent coverage that is offered.

Savings and Costs

On a \$35 million project consisting of \$15 million in land, and buildings. \$20 million in equipment, the nominal value of the property tax savings over 20 years is about \$1,153,000. (This assumes a 2004 property tax rate of 0.045494, a 7-year life for equipment, with straight-line depreciation.) The compensating tax savings on the equipment is \$850,000. (This assumes all equipment will be purchased out of state; if purchased in state, the gross receipts tax savings are slightly higher.) If all the equipment is manufacturing equipment, an investment tax credit of up to \$1,000,000 is also available. On the cost side, the transaction costs for a simple “self purchase,” which include the fees of lawyers for the company and the issuer, are in the neighborhood of \$35,000-\$45,000. If the issuer is one such as the City of Albuquerque that requires staff and board or commission review, add \$5-10,000. For credit enhancement, add another \$10-15,000 in transaction costs and 1-1.5% of the principal amount in annual expenses. An additional \$10,000 in fees might be expected in connection with the issuance of tax-exempt bonds. All of these expenses are in addition to those that would be involved if an IRB structure were not used, such as title insurance premiums, legal fees associated with the purchase or long term lease of real estate, and legal fees related to the negotiation of loan documents. As a rule of thumb, “self purchase” IRBs generally are not cost effective for projects of less than \$3,000,000.

Information provided courtesy of Brownstein, Hyatt, and Farber; Albuquerque, NM

NOTES FOR APPLICANT

1. PRE-APPLICATION DISCUSSION

Staff will review the process and schedule for the bond project and Inducement Resolution and/or Bond Ordinance approval. We will preview the specific project to advise you of areas that could present problems, and will suggest meetings with neighborhood groups, possible competitors, policy makers or City agencies that may be needed.

2. APPLICATION

Three weeks prior to the date that the Albuquerque Development Commission (ADC) will hear your project, the following must be submitted: a project plan (the format is included in this package); a draft Inducement Resolution or Bond Ordinance (on the council forms if you are familiar with their format; otherwise, use our fill-in-the-blanks resolution); information required for the fiscal impact analysis; and the required fee. You may submit additional materials you wish to include or that were requested by us up to a week before the ADC hearing.

3. NOTICE

The Albuquerque Development Commission and City Council meetings on all bond projects shall be legally noticed not less than seven days before the Albuquerque Development Commission meeting. The applicant will be required to insert the notice and pay the charges. In the case of Industrial Revenue Bond projects, the applicant will also be required to make a good faith effort to send notice of the Albuquerque Development Commission and Council hearings to all local companies which engage in the same business. Efforts may include placing an advertisement in a major local newspaper (in addition to the legal notice) and/or notifying competitors by certified mail. All property owners within 100 feet of the project site and any neighborhood associations registered with the City located within all or part of the project site's boundaries shall also be notified by certified mail as well as registered neighborhood associations within one mile of the project site. In the case of Metropolitan Redevelopment bond projects, the applicant will also be required to send a notice of the hearings to all property owners and neighborhood associations within the Metropolitan Redevelopment Area unless an overall Metropolitan Redevelopment Plan has been adopted for the Area. When an overall Metropolitan Redevelopment Plan has been adopted, the applicant will be required to notify all property owners within 100 feet of the project site and any neighborhood associations within the Metropolitan Redevelopment Area. Notices for both Industrial Revenue and Metropolitan Redevelopment Bond projects shall be mailed not less than 12 days before the Albuquerque Development Commission hearing. Any special advertisement aside from the legal notice shall be published not less than 12 days before the hearing.

4. CHANGES TO PLAN

Minor changes in your submitted plan can be made by letter. The letter must specifically state the changes and, by reference, incorporate them into the plan. Major changes may require submission of a substitute plan; this should be done no later than 10 days before

the ADC hearing. Staff may recommend deferral to the ADC if the plan changes are incompatible with the notices on your project.

5. STAFF ANALYSIS

Your project will be analyzed according to the Criteria for Bond Projects, which are included in this packet. The staff analysis, all materials submitted by you, and any comments sent by others will be transmitted to the ADC one week before the hearing. We also will send you a copy of the staff analysis. You may wish to arrange to pick it up rather than have it mailed to you.

6. FISCAL IMPACT ANALYSIS

A fiscal impact analysis will be conducted on all Industrial Revenue Bond projects. Applicants will be required to pay for the fiscal impact analysis.

7. ALBUQUERQUE DEVELOPMENT COMMISSION HEARING

A representative of the applicant should be at the ADC hearing to present the project. Depending on the nature of the project, you also may wish to have your architect, fiscal officer, lawyer, or leasing agent present. A larger scale version of the conceptual site plan is helpful to the ADC. The City's Bond Counsel attends all ADC bond hearings, and advises the ADC on legal and technical questions. At the meeting staff will briefly summarize the project and the staff analysis. The applicant presents the project and answers Commissioners' questions. All others in attendance are invited to speak for, or against, the project. The ADC makes recommendations to the Council even if the ADC recommendation is negative (unless the Applicant withdraws the request).

8. CITY COUNCIL HEARINGS

Projects are usually transmitted to the City Council for introduction at the first Council meeting of the month following the ADC hearing. There is no need for applicants to be present at the introduction. Projects are reviewed by Counsel's Finance Committee. The Finance Committee normally meets on the 2nd Monday of each month. The Committee asks for the staff analysis and Development Commission action. The applicants present the project; and others at the hearing are invited to speak. Again, the applicant and other project representatives (as at the ADC hearing) should be present. The Committee will vote a recommendation to the full Council (Do Pass, Do Not Pass, or No Recommendation). They will also recommend action for the next Council meeting. At the full Council hearing, a presentation from the staff and applicant should be expected, but is not always required. The applicant should be present and should bring others to answer questions, if necessary.

9. BOND ORDINANCE

Once the Council has passed an Inducement Resolution or if it is going directly to ordinance, a bond ordinance can be presented to the Council at any time as soon as you; no longer need to be reviewed by the ADC; can present a firm financing commitment; can present evidence that any other contingencies have been satisfied. Be sure to work with your bond counsel on the timing, submission date, etc. Please note that any tax-exempt bond for less than \$10,000,000 for manufacturing facilities proposed to be issued

will also require approval from the State of New Mexico. Again, your bond counsel will be familiar with this process. Applicants will be required to pay the costs of the City's outside bond review counsel.

10. PERFORMANCE CLAWBACKS AND PAYMENTS IN LIEU OF TAXES (PILOTs)

The City has instituted the requirement for Performance Agreements, sometimes referred to as "clawbacks" to be included in the bond documents. Also, agreements as to any Payments in Lieu of Taxes (Pilots) also shall be included. An example is included at the end of this description.

Facility Closure Clawbacks

Clawbacks provide for a pro-rata repayment of the abated property, Gross Receipts Tax (GRT) and compensating taxes, depending upon the amount of time elapsed from date of issuance to date of closure of the project. Clawback provisions, unless adjusted to account for the unique circumstances of a particular issue are listed below. The staff evaluation team will determine whether unique circumstances exist with respect to clawbacks and will make such recommendations when the project is reported out. Clawbacks are proposed as follows:

Elapsed time from issue	% Abatement repaid
Years 0-3	100%
Year 4	80%
Year 5	60%
Year 6 and thereafter	0%

In addition to the clawback of property, GRT and compensating taxes abated, the IRB agreement will require the recipient to pay 100% of the remaining unpaid amount of the PILOT payments.

Performance Clawbacks

If employment numbers, sales volumes, or other economic benefits projected in the IRB agreement are not achieved (for example, an applicant may forecast 100 jobs, but only achieve 80) a clawback, in the form of an increased PILOT may be implemented. The contingent PILOT provisions will be outlined in the IRB agreement. Performance will be measured annually and compared to projections and provisions of the IRB agreement by Office of Economic Development or a third-party independent contractor.

In the event the reviewer determines there is a substantial shortfall of actual versus projected, then the City may exercise a clawback of the taxes abated. In the event the recipient subsequently cures that shortfall, then abatement may be restored on a ratable basis.

Performance Measurement per IRB Agreement	Actual as a % Projected	% of Taxes to be Repaid
Employment (FTE)	90%-100%	0%
Payroll/Weighted Average Wage	80%-90%	10%

Other	70%-80%	20%
	Less Than 70%	100%

Example: Performance Clawbacks. If the number of full-time equivalent employees attributable to the Project is less than 300 (Projected FTE Employees stated in application) on the first December 31 following the Completion Date and every December 31 thereafter, then the Company may be required to pay to the Issuer, no later than the end of the calendar year immediately following the calendar year in question, an amount not exceeding (i) that percentage (shown below corresponding to the applicable date of termination or cessation) of the ad valorem taxes on real and personal Project Property that the Company would have been required to pay if the Bonds had not been issued by the Issuer and the Project Property had been subject to ad valorem taxation, calculated using mill levies and actual property tax valuations and rates for each tax year, plus (ii) the Applicable Percentage of the amount of gross receipts tax that would have been payable by vendors of Project Property if the Bonds had not been issued and receipts from sales of Project Property had not been deductible from gross receipts of the vendors, plus (iii) the Applicable Percentage of the amount of compensating tax that would have been payable by the Company with respect to Project Property if the Bonds had not been issued.

<u>Percentage of Actual vs. Projected FTE Employees</u>	<u>Maximum Percentage of Abated Tax to be Paid</u>
Less than 70%	100%
70% or more but less than 80%	20%
80% or more but less than 90%	10%
90% or more	0

The Company has projected certain wage rates with respect to the various categories of jobs to be attributed to the Project, as follows:

<u>Job Category</u>	<u>Average Starting Wage</u>	<u>Pay Range</u>
Hourly	\$12.50/hr	\$11-20/hr
Salaried Operations	\$60,000/yr	\$50,000-90,000/yr
Other Non-Executive	\$60,000/yr	\$28,000-100,000/yr

If, on the first December 31 after the Completion Date and each December 31 thereafter, the wages actually paid to such employees are less than projected above, in any category, then the Company may be required to pay to the Issuer, no later than the end of the calendar year immediately following the calendar year in question an amount not exceeding (i) that percentage (shown below corresponding to the applicable date of termination or cessation) of the ad valorem taxes on real and personal Project Property that the Company would have been required to pay if the Bonds had not been issued by the Issuer and the Project Property had been subject to ad valorem taxation, calculated using mill levies and actual property tax valuations and rates for each tax year, plus (ii)

the Applicable Percentage of the amount of gross receipts tax that would have been payable by vendors of Project Property if the Bonds had not been issued and receipts from sales of Project Property had not been deductible from gross receipts of the vendors, plus (iii) the Applicable Percentage of the amount of compensating tax that would have been payable by the Company with respect to Project Property if the Bonds had not been issued.

<u>Percent of Projected Average Starting Wage Achieved</u>	<u>Maximum Percentage of Abated Tax to be Paid</u>
90% or more	0
80% or more but less than 90%	10%
70% or more but less than 80%	20%
less than 70%	100%

The Issuer acknowledges that the purpose of this condition is not to penalize the Company for business conditions or events that are outside the control of the company. Performance will be measured annually and compared to projections and provisions of this Agreement by the City's Office of Economic Development or a third-party independent contractor. The Company shall be entitled to appeal to the Chief Administrative Officer any decision of the Office of Economic Development.

Example: Payment in Lieu of Tax.

The scored evaluation criteria provide a framework for the suggested abatement amount and term (see section V). A minimum score of 70% is required for the City to issue an IRB. The score will determine the PILOT amount and duration. PILOTs will commence no sooner than two years from date of bond issuance in order to allow the project to be completed and earning income and to allow a reasonable period to collect and report necessary data prior to beginning payments. The term is five years for top scores and is extended for lower scores. As further incentive for small bond issues, the percentage PILOT is less than that for large issues.

SMALL ISSUE (\$0 - \$10,000,000)

<u>Evaluation Score</u>	<u>PILOT (annual property tax abatement % paid back to City)</u>	<u>PILOT Period</u>
90-100%	2.5%	FYE 2- FYE 6
80-90%	3.0%	FYE 2- FYE 8
70-80%	3.5%	FYE 2- FYE 10
LESS than 70% FAIL		

LARGE ISSUE (Greater than \$10,000,000)

Evaluation Score	PILOT (annual property tax Abatement % paid back to City)	PILOT Period
90-100%	3.5%	FYE 2- FYE 6
80-90%	4.0%	FYE 2- FYE 8
70-80%	5.0%	FYE 2- FYE 10
LESS than 70% FAIL		

Example: Small Issue \$10,000,000
 Score 100
 PILOT 2.5% of Property Taxes Otherwise Paid
 Period 5 years

$\$10,000,000 \times 0.33 \text{ (Assessed Value)} \times 0.045494 \text{ (Mil Rate)} \times 0.025 =$
\$3,753 PILOT per year.

In addition to the PILOT period, the total tax abatement period associated with a City IRB has typically been for 20 years. However, the evaluation committee may recommend an alternative schedule as circumstances vary. For example, the purchase of short lived equipment may be associated with a shorter tax abatement period.

The company will pay to the Issuer a payment in lieu of property tax (“PILOT”) equal to 3.5% of the property tax abated. Such payments will be due on the dates the property taxes for such year would have been payable if the Bond had not been issued. The PILOT will be calculated based on the actual mill levy rates for business personal property in the years 2007 through 2011 and the taxable value of the relevant Project Property payable at the times when payments of such tax for such years would be made if such Project Property were not exempt from taxation. This payment is due and payable for the years 2007 through 2011 regardless of whether this lease remains in effect.

11. COMPLIANCE AND PERFORMANCE MONITORING

The Office of Economic Development is responsible for monitoring compliance with the terms of IRB issues. However, OED will report compliance to the CAO and City Council on an annual basis. Actions to claim clawbacks or adjust PILOTS will be reported at that time. Companies are required to submit reports annually to OED.

IRB PROCESS

1. TIMING AND PROCESSING

The deadline for presentation of project plans, draft Inducement Resolutions or Bond Ordinances, fees, and deposit to the Office of Economic Development or the Metropolitan Redevelopment Agency shall be 21 days before the regularly scheduled meeting of the Albuquerque Development Commission (ADC), which is on the 3rd Wednesday of every month. Materials shall be presented to designated staff in the Office of Economic Development or Metropolitan Redevelopment Agency. Staff will transmit the materials, along with a staff report, to the ADC no later than one week before the regularly scheduled meeting. The staff report will be transmitted to the applicant or the applicant's agent at that time. The ADC's action, and the project plan and staff analysis approval and Inducement Resolution/Bond Ordinance will normally be introduced to Council at their first full council meeting, following the ADC hearing. Normally the process will take 42-49 days. This may be delayed depending upon a firm financing commitment to purchase or place the bonds.

2. ADVERTISEMENT

The Albuquerque Development Commission and City Council meetings on all bond projects shall be legally noticed not less than seven days before the Albuquerque Development Commission meeting. The applicant will be required to insert the notice and pay the charges. In the case of Industrial Revenue Bond projects, the applicant also will be required to make a good faith effort to send notice of the Albuquerque Development Commission and Council hearings to all local companies that engage in the same business. Efforts may include placing an advertisement in a major local newspaper (in addition to the legal notice) and/or notifying competitors by certified mail. All property owners within 100 feet of the project site and any neighborhood associations registered with the City that are within approximately one mile of the project site shall also be notified by certified mail. In the case of Metropolitan Redevelopment Bond projects, the applicant will also be required to send a notice of the hearings to all property owners and any neighborhood associations within the Metropolitan Redevelopment Area, unless an overall Metropolitan Redevelopment Plan has been adopted for the Area. When an overall Metropolitan Redevelopment Plan has been adopted, the applicant will be required to notify all property owners within 100 feet of the project site and any neighborhood associations within the Metropolitan Redevelopment Area. Notices for both Industrial Revenue and Metropolitan Redevelopment Bond projects shall be mailed not less than 12 days before the Albuquerque Development Commission hearing. Any special advertisement, aside from the legal notice, shall be published not less than 12 days before the hearing.

3. PLAN FORMAT

Applicants will be required to follow a project plan format drawn up by the Office of Economic Development or Metropolitan Redevelopment Agency staff to ensure that all plans present the same sequence of information.

4. SUNSET DATE

The Albuquerque Development Commission recommends that the sunset date for bond issuance on a given project be set one year after the Council approves the project.

ENABLING LEGISLATION

Resolution R-196, Sixth Council (16-1985) as amended by Resolution R-350, Sixth Council.

RESOLUTION

PROVIDING FOR THE REVIEW OF INDUSTRIAL REVENUE BOND PROJECTS BY THE DEVELOPMENT COMMISSION OF THE CITY OF ALBUQUERQUE; ADOPTING STANDARDS FOR QUALIFICATION OF PROJECTS FOR CITY OF ALBUQUERQUE METROPOLITAN REDEVELOPMENT AND INDUSTRIAL REVENUE BONDS; ADOPTING METROPOLITAN REDEVELOPMENT AND INDUSTRIAL REVENUE BOND POLICIES; AND RESCINDING RESOLUTION NO. 182-1981.

BE IT RESOLVED BY THE COUNCIL, THE GOVERNING BODY OF THE CITY OF ALBUQUERQUE.

Section 1 DEFINITIONS:

As used in this Resolution:

- A. “bonds” means any bond, debenture, note, refunding or renewal bond or note, warrant or other security evidencing an obligation the proceeds of which, or a major portion thereof, are to be used in the trade or business carried on by someone other than the City and which are authorized to be issued by the City pursuant to: the Industrial Revenue Bond Act (Sections 3-32-1 to 3-32-16, NMSA, 1978, as amended from time to time); the Metropolitan Redevelopment Code (Sections 3-60A-1 to 3-60A-48 NMSA 1978, as amended from time to time); or, pursuant to the home rule powers of the City given by Article X, Section 6 of the New Mexico Constitution and the City’s Charter.
- B. “city” means the City of Albuquerque, New Mexico;
- C. “commission” means the Development Commission or any successor thereto;
- D. “council” means the Council of the City, or any succeeding legislative body of the City, as such governing body from time to time may be constituted;
- E. “inducement resolution” means a resolution of the Council setting forth the good-faith intent of the Council to issue bonds upon the prior satisfaction of all applicable land use and development requirements of the City, other than the issuance of a building permit;
- F. ‘project plan’ means the plan describing a project which shall include
 - (1) a general description and location of the project;
 - (2) the number and type of new jobs to be created;

- (3) the estimated percentage of jobs to be filled by persons who are residents of the City on the date of the project plan submission
- (4) identification and the processing of any product associated with the project
- (5) any relocation of individual's or businesses;
- (6) the present use or conditions of the project site;
- (7) the present assessed value of the project site, if available;
- (8) the estimated value of the project site after completion of the project;
- (9) the maximum amount of the bonds to be issued;
- (10) the present and proposed zoning;
- (11) a proposed construction schedule;
- (12) information relating to the feasibility of the proposed project including information relating to the ability of the project to generate revenues to render the project self-liquidating;
- (13) the competition in type of commerce or industry already existing within the City and its environs;
- (14) the effect on existing industry and commerce in the city including during and after the construction period;
- (15) the amount of private investment in the project in addition to bond financing;
- (16) the total dollar amount of the proposed improvements included as part of the project;
- (17) a statement of when the bonds are proposed to be issued;
- (18) resumes showing the experience of the new development entity or principals, and the experience of the architect, contractor, and leasing agent, if relevant;
- (19) a statement of plans for project management
- (20) conceptual site plans for the project
- (21) a map locating the project area; and
- (22) other matters as may be relevant to or requested by the Commission

- G. "user" means one or more persons or entities, or their successors, assigns or agents, who propose to acquire or construct a project financed by or proposed to be financed by the proceeds of bonds.

Section 2 PRELIMINARY REVIEW OF PROPOSED PROJECT.

- A. The Mayor shall review all bond projects except those defined in Section B. below to determine that proposed project plans are complete.
- B. Requests for refunding or renewal bonds which do not require the allocation of a portion of the State of New Mexico private activity bonds permitted to be issued pursuant to federal law for calendar years subsequent to 1984 shall be made directly to the City Council.
- C. A request to issue bonds for a project, except those projects defined in Section B, shall be made by filing an Inducement Resolution and submitting a project plan, fee and deposit with the Mayor. The Mayor shall cause to be submitted

no more than ten days after receipt of the plan and no less than five days before the regularly scheduled meeting of the commission a copy of the documents received to the Commission together with a statement describing any other project plans which have been submitted to the Commission requesting bonds be issued during the same calendar year.

Section 3. APPROVAL OF PROJECT PLANS-RECOMMENDATIONS TO CITY COUNCIL-PROTEST.

- A. The Commission shall recommend for the Council approval, conditional approval or disapproval of a project plan or portion thereof submitted for its review.
- B. The Commission's recommendation for, and the Council's final action regarding approval, conditional approval, or disapproval of a project plan and Inducement Resolution, shall take into consideration the City's development plans and policies and the promotion of the health, safety, security and general welfare of the citizens of the City and the State of New Mexico.
- C. Any person may protest any decision of the Commission and all protests shall be considered by the City Council prior to consideration of the Inducement Resolution for the project. Any protest shall be filed with the Council within 10 calendar days after the decision of the Commission.

Section 4. ZONING COMPLIANCE.

After adoption of the Inducement Resolution by the Council and prior to the Council adopting an Ordinance authorizing the issuance of the bonds, the following steps shall be followed:

- A. Any required site development or landscape plans shall be submitted to the Planning Division of the municipal Development Department and shall be reviewed in accordance with established zoning procedures;
- B. As evidence of compliance with all zoning requirements, the user shall provide at any time prior to the issuance of the bonds, a certificate of zoning compliance signed by the Zoning Enforcement Officer or his designee.

Section 5. INDUSTRIAL REVENUE BONDS-MULTI-FAMILY HOUSING PROJECTS-ADDITIONAL REQUIREMENTS.

Although the Council finds that the private sector is adequately meeting most moderate and upper multi-family housing needs in the City, the Council recognizes that there is a need for multi-family housing for low income families and elderly persons, and that in furtherance of the City policy to assure low income housing is with bond proceeds should be accessible to families of low income. The Council will consider the issuance of bonds for a multi-family project when a user can demonstrate to the Commission and the Council sufficient facts: (1) that the project will further the City's redevelopment policies; and (2) that the private sector is not meeting the low or moderate income family housing needs in the immediate area of the City for which the project is proposed; or (3) that the private sector is not meeting the housing needs of elderly persons in the immediate area of the City for which the project is

proposed. In addition to the submission of the information required by Sections 2 and 3 of this Resolution, if the bonds to be issued are to be used to acquire or construct a multi-family housing project, the user shall submit to the Commission satisfactory information:

- A. That the proposed project will promote the health, safety, security, and welfare of the citizens of the City.
- B. That the proposed project is located within the City;
- C. That the proposed project is not inconsistent with the long-term development plans of the City;
- D. That all tenants will be offered comparable services without any discrimination as to income of the tenant;
- E. Relating to the financing of the project and the purchase of the bonds;
- F. That the proposed project will not adversely affect existing multi-family housing in the area of the proposed projects.
- G. That the proposed project will generate revenues sufficient to pay the debt service on the Bonds and to otherwise render the proposed project self-liquidating;
- H. That the user will be required to submit to the trustee of the bonds at least annually evidence that the percentage of low and moderate income tenants is in compliance with the requirements of federal law for tax exempt bonds;
- I. That the bonds, including any refunding bonds, shall mature in not more than twenty years from the date of issuance; and
- J. That, notwithstanding Section 11 of this Resolution, as a condition of the issuance of the bonds, the financing agreement will be structured so that the user will pay all ad valorem taxes and special assessments and gross receipts and compensating use taxes on the project and that the user will assess the land and premises in the name of the user.

Section 6. CITY ATTORNEY REVIEW

All resolutions and ordinances, financing agreements, closing documents and other documents relating to the City and relating to the bonds and the issuance thereof shall be submitted to the City Attorney, or another attorney or attorneys designated by the City Attorney, in sufficient time for review by such attorneys prior to the Commission or the council taking any required action on such documents or execution of the documents by City officials, as applicable.

Section 7. RULES

The Commission may establish such rules, not inconsistent with City ordinance of this resolution, as it shall deem necessary to carry out the powers granted to it hereunder.

Section 8. STATUS OF BONDS

The principal and interest of the bonds approved by the City Council shall be payable solely out of the revenue derived from the financing, sale, or leasing of the project with respect to which the bonds are issued or from a guarantee agreement, or

agreements, or a credit enhancement device, or devices, upon which the guarantor or obligator is other than the City. The bonds shall never constitute a debt or indebtedness of the City within the meaning of any provision or limitation of the New Mexico Constitution, statutes of the State of New Mexico or the City's Charter and such bonds shall not constitute nor give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers.

Section 9. FEES

In addition to any other fee imposed pursuant to ordinance or resolution, the user shall pay the City a fee equal to one-tenth of one percent of the face amount of the bonds to be issued to compensate the City for its reasonable administration expenses incurred in the approval of the project and the issuance of the bonds provided that the fee shall not be less than \$500.00 nor more than \$2,500.00 plus a deposit of \$500.00 to be applied against the payment of attorney fees. In addition to the fee set forth in this Section, the user shall pay all attorneys fees and expenses of the attorneys reviewing the bond documents, including any refunding bond documents whether or not the bonds are issued.

Section 10. SUNSET DATE – DATE OF ISSUE.

- A. The Inducement Resolution shall set a final date for issuance of the proposed bonds, which shall constitute a “sunset date” or termination date for the Inducement Resolution if the bonds are not issued within the specified time. The “sunset date” may be extended if the user presents a revised project schedule with supporting evidence to the satisfaction of the Council that the extension is justified for good cause and necessary for project completion.
- B. The ordinance shall state the year in which the bonds will be issued and the bonds shall not be issued in a year other than that stated in the ordinance except upon approval by the City Council.

Section 11. TAX ABATEMENT.

- A. No property tax abatement shall be given for any bond project exceeding: (1) if the bonds are industrial revenue bonds, twenty (20) years from the date the bonds are issued; or (2) The user will have the property assessed in the user's name on or before the first January following twenty years from the date the bonds were originally issued and the user will pay all ad valorem taxes on the project from and after such first January.
- B. The financing agreement relating to the industrial revenue bonds shall contain agreements that, as a condition for the issuance of the bonds; (1) the user will pay all special assessments on the project; and (2) the user will have the property assessed in the user's name on or before the first January following twenty years from the date the bonds were originally issued and the user will pay all ad valorem taxes on the projects from and after such first January or otherwise specified.

- C. Nontaxable transaction certificates of the City shall not be used for Metropolitan Redevelopment bond projects. In no project may such certificate be used for a purpose other than capital equipment to be used in a bond project, nor shall it be used by the user after the completion of the project financed by the bonds issued by the “City”.

Section 12. REPEAL CLAUSE.

Resolution No. 182-1981, which became effective on August 17, 1981 is hereby rescinded.

Section 13, TEMPORARY PROVISION

The Resolution shall govern (i) any project for which an Inducement Resolution has been introduced or adopted by the City Council after January 15, 1985, or (ii) any project which requires the allocation of a portion of the State of New Mexico private activity bonds permitted to be issued pursuant to federal law for calendar years subsequent to 1984, unless a Resolution relating to such allocation was introduced by the City Council prior to January 15, 1985, or unless the project is a project for which an Inducement Resolution or extension thereof was adopted by the Council after December 15, 1984, but prior to January 15, 1985.

Section 14. SEVERABILITY CLAUSE.

If any section, subsection, sentence, clause, word or phrase of this resolution is for any reason held to be unconstitutional or otherwise invalid by any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this resolution. The Council, the Governing Body of the City of Albuquerque, hereby declares that it would have passed this resolution and such section, subsection, clause, word or phrase thereof irrespective of nay one or more sections, subsections, clauses, words or phrases being declared unconstitutional or otherwise invalid.

IRB PROJECT CRITERIA

The overriding criterion for all Industrial Revenue Bond Projects is the benefit to the City of Albuquerque provided by the Project. The criteria below are intended to assist the Albuquerque Development Commission in determining benefit to the City.

FOR INDUSTRIAL REVENUE BOND PROJECTS: Before any other criterion is met, the company must be classified as an Economic Base Company:

Economic Base: Fifty-one percent or more of the revenues of the New Mexico operation are generated outside the Albuquerque Metropolitan Statistical Area. Revenues generated by contracts with Federal entities are considered to be from outside the metropolitan area. This requirement does not apply to educational or healthcare facilities seeking industrial revenue bonds. Credit also may be assigned to those projects that represent significant “import-substitution”. Import substitution occurs when a manufacturer or supplier of services provides products or services to a local customer base which currently has to purchase those products or services from outside of the area.

LAND USE, PLAN, AND DESIGN ELEMENTS

1. **PLAN AND ZONING:** Is the present zoning appropriate, or would needed change fit City’s zoning policies? Does project fit Area, Sector, Metropolitan Redevelopment, and/or Comprehensive Plan policies? Projects must conform with all adopted City plans and policies.
2. **LAND USE:** Will the proposed use make a positive contribution to the Albuquerque economy and the immediate neighborhood? Will it generate high levels of air, noise, or waste pollution, or traffic congestion? Projects must improve the economy without disrupting local areas or creating unacceptable conditions.
3. **INFILL:** Does the project location allow use of existing infrastructure, or will project demand substantial infrastructure extension or replacement? Projects should not require substantial City costs for infrastructure unless applicants and the City can agree on cost sharing.
4. **DESIGN AND CONSERVATION:** Are the scale and general design of project appropriate to the area? Will the project renovate or expand existing facilities? If in a historic building, will project follow preservation guidelines? Project design should be appropriate to the area. Project must conform to adopted City plans.
5. **DEMOLITION:** Does the project involve demolition of viable buildings? Does it involve the demolition of identified historic properties? Demolition of viable buildings should be avoided; demolition of historic properties must not occur

unless the project can show no alternatives and exceptional long-range benefits to the community.

6. **RELOCATION:** Does the project require the relocation of individuals or businesses? Relocation should be avoided. If relocation is necessary, the applicant should assist in finding new housing or business locations.

ECONOMIC BENEFITS

1. **COMPETITION:** Would the project be in competition with existing business or development? The City does not provide industrial revenue bonds which would give one project an inequitable advantage over competitors using conventional financing. In certain areas such as hospital/health care projects, bonds have been generally available. In the case of hospital or health care facilities, a need for the facility must be demonstrated. In Metropolitan Redevelopment Areas, showing that a project would substantially contribute to eliminating blight and/or promoting desired redevelopment in a designated area may outweigh concerns about overbuilding this type of development in the city as a whole.
2. **JOBS:** Will the project create a substantial number of new jobs? Are the job categories and phasing clearly given? If the project is primarily a vehicle for retention of an existing company, how many and what kind of jobs the company commit to retain? Will jobs created benefit a variety of residents of different income levels? Will contractors and other construction industry firms and individuals from the local area be retained?

The applicant should demonstrate a genuine effort to hire from the local job pool. Contact with T-VI, the University of New Mexico, the New Mexico Department of Labor, and city-recognized job training programs (as relevant to the job offerings) will be regarded as an initial demonstration. In the case of jobs available for low and moderate income residents, the applicant will make a commitment to work with city-recognized job training programs in order to give those programs the opportunity to discuss the possibilities of establishing a relationship that would provide job candidates.

PROJECT FEASIBILITY

1. **FEASIBILITY/FINANCING:** Has the applicant presented convincing evidence that the project will generate sufficient cash flow to pay debt service? Alternatively, does the applicant have a firm financing commitment? Projects must show the ability to retire bonds, or evidence that financing has been obtained.
2. **COST:** Does the bond amount requested reasonably represent the money required to complete the project? Bond amounts should be no more than that required to complete the project. The project will not be induced for an authorized maximum

bond amount larger than the expected bond issue. Be sure to describe the sources of capital that will be used to finance the project.

3. **APPLICANT'S RECORD:** Does the applicant have a good record of completing projects of this or similar type? If an industry company is the applicant, does the company have strong financial backing and experience relevant to this project? The applicant should have a good record with projects of this type, or present convincing evidence that the project will be completed. Substantiation of the applicant's background from financial institutions and local firms is especially useful in establishing the record.
4. **EQUITY:** Will the applicants make an equity investment in the project? An equity investment is generally desirable; the Development Commission recognizes that a loan commitment for 100% bond financing may be made based on a applicant's total holdings. In such cases, the Commission will accept a letter of commitment to finance the total project.
5. **MANAGEMENT:** Do the applicants commit to manage, as well as build, the project? Long-range commitment to a project is desirable.

IRB INITIAL QUALIFYING TEST
Pass / Fail CRITERIA

	PASS/FAIL
1. Economic Base Company that meets statutory requirements	
2. Satisfactory initial demonstration of ability to service debt or self-fund purchase of the bonds, or evidence of an acceptable financing commitment	
3. Conforms to City planning and zoning policies	
4. Firm has no outstanding substantive federal, state or local tax issues	
5. Proposed project complies with all federal, state, and local environmental laws, regulations, and rules	
6. Jobs created by the project meet or exceed the median wage for similar jobs in the community	
7. Per state requirements, the firm covers 50% of health insurance premiums for employees	
8. Other additional factors	
RESULT	

SCORED EVALUATION

A number of criteria were developed to rate the relative value of the Project. Some criteria are more heavily weighted than others according to their perceived importance and/or fit with generally accepted goals for economic development incentives. Scoring will be on a total points basis, with a maximum number of points available for each category. However, there will be discretionary points for unanticipated factors.

Criteria	Maximum Points
1. Number of jobs (FTE) with benefits created	15
2. Job Characteristics based upon stated categories and phasing: <ul style="list-style-type: none"> ○ Jobs benefit low and moderate income residents (4) ○ Jobs meet or exceed median wages for the industry within the community (4) ○ Percentage of jobs filled by current residents versus relocated individuals (4) ○ Jobs match skills of current City residents (4) ○ Other costs to the community associated with provision of jobs (4) ○ Wages of all positions created sufficient to eliminate the need for public assistance (4) ○ Company trains new employees to fill the positions and has stated advancement opportunities (4) ○ Company will use “Job Training Incentive Program” or other job training programs (2) 	30
3. Company/project does not directly compete against companies currently in business in Albuquerque	20

4. Company does not use large amounts of water or has a plan for reduction/re-use of water	10
5. Company/project emissions and/or waste is controlled and the company has a satisfactory plan for reduction/disposal	5
6. Company is a good corporate citizen promoting donations and volunteerism with a citizenship policy/plan in place	5
7. Company locally owned or operated **	5
8. Business is within a desired economic cluster or new cluster	10
9. Company commits to make local purchases***	10
10. Project makes a positive contribution to the neighborhood	10
11. Project does not require significant new infrastructure support, or if necessary, presents an acceptable cost sharing arrangement	15
12. Project design and placement enhances the area	10
13. If the project requires demolition of viable or historic buildings, alternatives have been considered and the project shows exceptional long-range benefit to the community	10
14. If displacement of business or families is required, is there an acceptable plan and firm commitment for the placement of those being relocated	10
15. Project uses local contractor and creates local construction jobs	15
16. Applicant has a good record of completing similar projects and keeping commitments	15
17. If the applicant has received previous governmental incentives either here or in other communities, the applicant performed and complied as agreed	10
18. The Fiscal Impact Analysis shows a net positive impact to state, county and city tax revenues over the course of the project. The results of the fiscal impact analysis demonstrate a positive impact to the community over the course of the project	20
19. Company is locating on a preferred site such as downtown, in a Metropolitan Redevelopment Area, Hub Zone, infill area, Brownfield site or similar desired redevelopment site	15
20. Other factors that merit or need consideration and may not be anticipated at this time.	EXTRA POINTS
21. TOTAL POTENTIAL SCORE	240 + EXTRA POINTS

**Company is headquartered in New Mexico or has a majority of stock ownership in New Mexico

*** Local goods and services are those that would be subject to New Mexico gross receipts taxes

APPLICATION
for
INDUSTRIAL REVENUE BOND
Project Approval

Name of Project: _____

Location of Project: _____

Company Name: _____

Contact Person: _____

Address: _____

Telephone: _____

Email: _____

Bond Counsel: _____

Address: _____

Telephone: _____

Bond Amount Requested: _____ Fee Submitted: _____

FOR STAFF USE

Staff Assigned: _____

Case Number: _____

Fee Received: \$ _____

ADC Hearing Date: _____

Council Dates (Tentative): Introduction _____

Committee _____ Council Hearing _____

PREFACE

This Plan is being submitted to the Development commission of the City of Albuquerque for review prior to consideration by the City Council of an Inducement Resolution for Industrial Revenue Bonds in accordance with Council Ordinance 12-1985 and Resolution 16-1985. Pursuant to those Council actions this is the first step towards the issuance of bonds pursuant to: the Industrial Revenue Bond Act (Sections 3-32-1 to 3-32-16 NMSA 1978 as amended); or, pursuant to the home rule powers of the City given by Article X, Section 6 of the New Mexico Constitution and the City's Charter.

The Plan contains the information required by City Council Resolution 16-1985 and conforms with and compliments the policies established for the issuance of Bonds pursuant to that Council action.

The purpose of the Plan is to identify the project area and to present the plan and the uses to which the proceeds of the Bonds will be put if issued. This Plan is presented to demonstrate to the City of Albuquerque the public benefits of this project and to help the City evaluate its merit in comparison to other projects submitted. The applicant and its agent will endeavor to provide the City any additional information reasonably requested.

APPLICATION DESCRIPTION

Please prepare the IRB application according to the following outline. Headings must be present and visible and all required information included. Please prepare the information needed for the fiscal impact analysis in the same manner but attached separately from the following outline.

I. GENERAL DESCRIPTION

Give a brief overview of the project, including general location, proposed development, use, and total bond amount requested. Include a statement of the benefit to be gained by the Albuquerque community from this development. The General Description should explain what will be done with the IRB if approved.

II. SITE AND EXISTING CONDITIONS

A. Legal Description

Give both the precise and complete legal description and address or identification of location. (For example: The proposed project is located at 5300 2nd Street N.W. The site is more particularly described as Tracts B-1 and C of the Plan of Division of Lands of Mel Sanchez and Lath & Plaster Supply Company, as the same is shown and designated on the plat of said land filed in the office of the County Clerk on April 27, 1979 in Bernalillo County, New Mexico, containing approximately 11.15 acres.)

B. Prevailing Site Conditions

Describe the present use and development of the site, including any improvements, vacant land, etc.

C. Present Assessed Value

Give the present assessed value according to the Bernalillo County Assessor's office. You may also list a current appraised value if you feel it will make the post-development value clearer.

D. Present and Proposed Zoning

Give the current zoning of the property. If any change in zoning is required for the proposed use, give the proposed new zone. We recommend that zoning changes required be requested before the project plan reaches the Development Commission.

III. PROJECT PLAN

A. Information Concerning Applicant

Describe the development entity – corporation, syndicate, individual, etc., and give information about the experience of the company or of significant individuals involved in the type of development or industry proposed. Include as an attachment resumes of main principles, or other information which will bear on the experience and credibility of the development entity.

B. Tax Issues

Please provide a statement declaring that the applicant has no outstanding substantive federal, state or local tax issues. If, however, there are pending issues, thoroughly describe all issues and their status.

C. Information Concerning Products and Process

Identify the products and/or processes involved with this project. Specifically address the question of whether the proposed development will generate air, noise, or waste pollution or traffic congestion. Include any plans for the reduction and disposal of waste and/or project emissions.

D. Competition

Please describe any competition in the same area of commerce or industry existing in the City. Since the Development Commission and City Council do not wish to make industrial revenue bonds, with their associated tax abatements, available for projects with local competition, this statement is very important.

E. Effect on Existing Industry and Commerce during and after Construction

Describe the predicted effects of the project including construction jobs generated, increased employment, increased sales, new industrial base, possible spin-off business, etc.

F. Land Acquisition

Indicate if IRB proceeds will be used to acquire land, and whether land is presently owned by the applicant, or is under option.

G. Description of Proposed Development

Describe the construction to be undertaken in the project, including square footage, construction type, and location of construction on the project site. Indicate whether existing buildings on the site will be rehabilitated or incorporated in the construction. Detail any demolition which will be required by the project, and indicate whether demolition involves any identified historic properties. If possible, attach a conceptual site plan and elevation (alternately, these may be presented at the Development Commission hearing).

H. Infrastructure

Indicate if Project will require any extension or relocation of utility or road systems. If additional infrastructure is required, what cost sharing agreements have been reached between the applicant and the city?

I. Area Enhancement

Describe how project design and placement will enhance the area.

J. Local Purchasing

Please provide an estimated annual expenditure of goods and services locally procured that are subject to the New Mexico gross receipts tax, and an estimated annual increase in such an expenditure.

K. Water Conservation

Estimate average daily and monthly water consumption and include any plans for the reduction or re-use of water.

L. Relocation of Individuals or Businesses

No individuals, families or businesses should be displaced by the activities outlined in this plan. If any relocation is required, detail the assistance the applicant will give in relocation.

M. Number and Types of Jobs Created

Identify the number and type (i.e., professional, clerical, assembly line, etc.) of permanent jobs which will be created in the project. If any existing jobs are to be retained to the project site, describe separately. Please include the wages of all positions to be created. The following questions must also be answered:

- 1) What percentage of the permanent new jobs is expected to be filled by current Albuquerque area residents, as opposed to people relocated from elsewhere?
- 2) Will jobs benefit low and moderate income residents?
- 3) Will the jobs meet or exceed median wages for the industry within the community?
- 4) Will the jobs match skills of current city residents?
- 5) Will new employees be trained to fill the positions?
- 6) What stated advancement opportunities are there?

- 7) Will “Job Training Incentive Program” or other job training programs be used?
- 8) Will at least 50% of health insurance premiums be covered for employees?

N. Corporate Citizenship Policy/Plan

List any company policies/plans regarding the promotion of donations and volunteerism policy.

O. Positive Contributions

List all positive contributions that the project will make to the neighborhood.

P. Management

Who will manage the project? If the project will be managed by someone other than the applicant, does the applicant have any long-range involvement?

IV. PROJECT FINANCING

A. Cost of Improvements, Bond Amount and Private Financing

Provide the total cost of the improvements to be constructed and the amount of bonds requested. The amount requested should be no more than that needed to complete the project in addition to equity or conventional financing. Also provide the amount of private financing (equity or conventional financing) involved in this project; this may include the value of land and existing facilities, if relevant.

B. Estimated Value After Completion

Indicate the estimated appraised value of the project after completion.

C. Feasibility

Present information to show that the project can reasonably be expected to generate sufficient revenue to liquidate the debt. This information may be an attached pro forma, and should be sufficiently detailed to show the assumptions on which the projections are based. However, a firm commitment to provide financing for the project will be considered sufficient evidence of feasibility, and no pro forma will be needed in such cases.

D. Construction Schedule

Give the date of anticipated beginning and completion of construction.

E. Issuance of Bonds

Provide the anticipated date of bond issuance.

Attachments: Attach to the plan a map location of the project (you may use the base maps from the City Zone Atlas if you wish), and any other information as desired to supplement the plan. If you are attaching glossy or colored printed material, please submit 25 copies.

FISCAL IMPACT ANALYSIS

Please provide the following information necessary to complete a Fiscal Impact Analysis. Attach as a separate document. (Information asked may be repetitive to the IRB Application).

1. Describe the type or nature of project operations.
2. Total number of new employees to be created as a result of the proposed Industrial Revenue Bond project, a total net payroll and an estimated annual pay increase in future years.
3. Number of new employees by title or job classification and respective salaries.
4. Optional employee benefits and an estimated value of such benefits and an estimated value of such benefits, either by amount or percentage of net pay. If employees contribute to such benefits, indicate their contributions in amount or percentage.
5. An estimated total annual expenditure of goods and services locally procured, identification of such goods and services (only those over \$10,000 per year), and an estimated annual increase in total expenditure.
6. An estimated annual expenditure of goods and services locally procured that are subject to the New Mexico gross receipts tax, and an estimated annual increase in such an expenditure.
7. An estimated total annual expenditure of goods procured out-of-state and subject to the New Mexico compensating tax, and an estimated annual increase in total expenditure.
8. An estimated annual local sale of goods and services that are subject to the New Mexico gross receipts.
9. Costs of land, site improvement, and building, respectively.
10. Total costs of equipment, fixtures, and furnishings to be purchased with the proceeds of the bond, and an amount of such purchases in New Mexico and out-of-state, respectively.
11. An estimated incremental New Mexico corporate income tax as a result of the proposed Industrial Revenue Bond project, and an estimated annual increase.
12. An estimated amount of capital expenditures to be qualified for the New Mexico investment tax credit.